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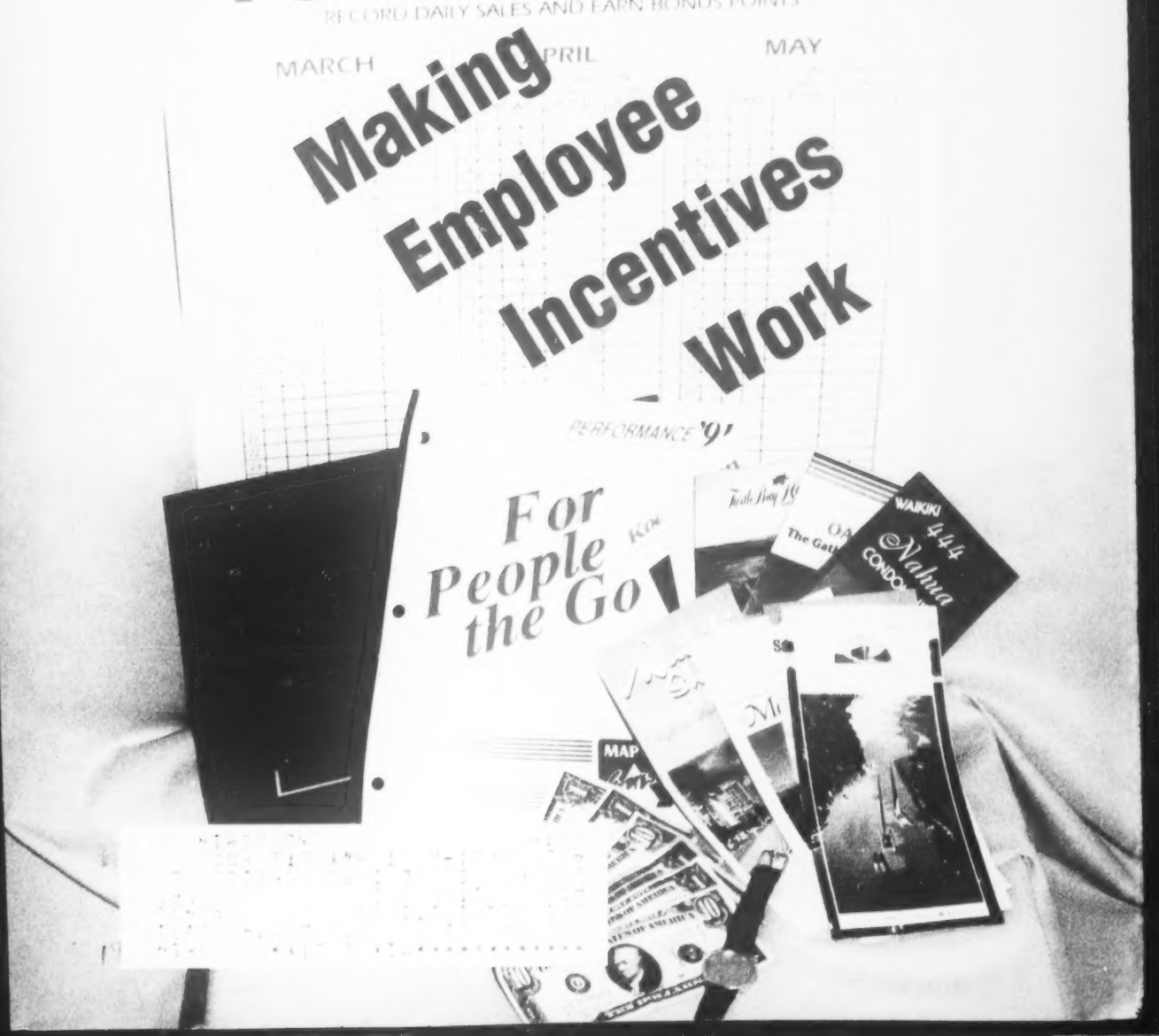
Is Big Oil Getting Bigger?
Aviation Fuel: Changes in the Air
Anticompetitive Claims Spark Investigations

NPN

National Petroleum News



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Editor's Viewpoint

One of the hardest tasks any employer or manager faces daily is motivating his or her employees to perform at the peak level of their capabilities. It's a challenge, certainly, one that requires commitment, planning and follow-through. But it's well worth the effort, too. As I see it, much of the driving force in the '90s behind a company's productivity, customer service image, improved employee turnover rates and ultimate profitability will be fueled by that company's employee incentive programs and efforts.

For C-store operators and petroleum marketers, motivation is a never ending battle. But as our cover report beginning on p28 points out, it's a battle that can be won. C-store operators and marketers alike have found innovative ways to spark enthusiasm into their staff personnel. Some of these retailers use monetary incentives, others use bonuses such as vacation trips, prizes and company recognition through award dinners and plaques.

Whatever the bonus or incentive might be, these tactics appear to be working. Although the investments into these programs are sometimes hefty, so are the potential rewards. C-store owners and marketers report increased sales and repeat business as well as enhanced employee morale and customer courteousness.

Earlier this year, Tulsa-based Mapco Petroleum invited me to attend a company gathering it dubbed "Performance '91." To kick the two-day program off the company held a trade show and awards dinner recognizing outstanding store managers. Not only did Mapco spend quite a few bucks on the gala affair, but the company also held a casino night for managers where they could win even more prizes. At the awards dinner, attended by 420 store managers flown in to Memphis from as far away as Alaska, top performing employees received high praise not only from their employer, but from their peers as well.

Each high scoring manager was awarded a handsome plaque for exceptional C-store and gasoline sales at his or her store. I was thoroughly impressed, thinking at the time that Mapco had come up with a smart approach for cultivating lasting relationships with employees at all levels. Several of the managers that I spoke with confirmed the benefits of this enlightened company attitude; most had been with Mapco for many, many years.

I think Mapco and other companies which have invested in their employees will not only increase their own company's worth, but will also improve their image in their respective communities. Unfortunately, the basic techniques (and benefits) of employee motivation are basically overlooked by too many companies. But those which have recognized the importance of these programs will be the leaders in the '90s and beyond. If your company hasn't started such a program, you might want to consider at least looking into it. Consider that it might require some changes in your operating style. You will have to decide where the incentive focus should be, on the store manager, the store employee, or both.

If you agree, you might want to take a few minutes to read our cover report. It could be the turning point for you and your employees to a longer-lasting, more productive and happier relationship.

—Peggy Smedley

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Profitability, productivity, customer service and employee turnover are the driving forces behind the employee incentive programs of the '90s.

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Aviation fuel is a complex market. Some marketers have renewed their commitments, some have backed away and some don't know which way they will go.

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10 Biggest International Oils and 10 Biggest U.S. Oil Marketers

(billions of dollars)

Company	Assets	Sales	U.S. Company	Assets
Dutch/Shell (Neth.)	$106.3	$107.2	Exxon	$87.7
(U.S.)	87.7	105.9	Mobil	41.7
ily)	60.5	41.2	Chevron	35.1
(Mexico)	45.0	19.3	Amoco	32.2
rance)	42.6	32.9	Shell	28.5
U.S.)	41.7	58.8	Texaco	26.0
n (U.S.)	35.1	39.3	Arco	23.9
(U.S.)	32.2	28.3	BP America	21.7
.S.)	23.9	18.8	Phillips	12.1
etroleum ance)	20.8	23.6	Conoco	11.6

Fortune Magazine, issues of 4/22/91 and 7/29/91; NPN Factbook '91

Has 'Big Oil' really gotten bigger or is it just keeping pace with all of the things around it?

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• TRENDS

Car Efficiencies Down, Head-on Collisions Up

The continued resistance of the nation's car makers to improvements in the mileage performance of their vehicles raises the specter that sooner or later—and probably sooner than later—they, and perhaps the oil industry as well, are going to get clobbered by Congress and other legislative/regulatory bodies for such lack of progress.

Congress, for example, is on the verge of a brass-knuckle fight right now over legislation that proposes that car manufacturers make substantial improvements in their mpg efficiencies. Right now the mpg numbers are on the downside and have been for the past six years.

The car makers are in business to manufacture cars that sell and, at the same time, earn them profits for their work. That's what free enterprise is all about. They make more on the big cars, especially the glitzy ones that are loaded from stem to stern with all kinds of special features and cosmetic innovations, than they do on the smaller models.

In doing so, however, they say they can't upgrade the miles per gallon averages of their fleets. They say the only way better performances can be achieved is by eliminating many big and medium-sized models. But that would affect their profits. Car makers insist they are responding mostly to consumer desires for the bigger, glitzier cars—but that per se also creates the stalemate: big cars and more profits vis a vis small cars and increased mpg efficiencies.

The most recent report from the Environmental Protection Agency (EPA)—issued in late September—says fuel efficiency for 1992 models is down for the sixth consecutive year; not much, of course, but down nevertheless, even if the numbers seem almost insignificant. The decrease in the 1992 comparison tests was only two-tenths of a point.

The EPA statistics indicate the mileage efficiency covering about 1,000 new models, domestic and foreign alike, is 27.5-mpg for the 1992 vehicles. Last year's average was 27.8-mpg. Prior years were 28.1 in 1987, 28.6 in 1988, 28.1 in 1989 and 27.8 in 1990. In other words, efficiencies have been relatively stagnant since the mid-'80s. The industry's most notable progress came in the 1976 to 1985 period when efficiencies rose from 14-mpg to 27-mpg.

EPA's latest report said six of the top 10 models can get 50-mpg or better. Topping the list was the minicompact Geo Metro XFi, a basic Japanese design marketed by General Motors. It averaged 53-mpg in city driving and 58-mpg on the highway. Four of the top 10 were variations of the Geo XFi, four were variations of the Honda Civic and two were versions of the Suzuki and Swift. All can get at least 39-mpg in the city and 43-mpg on the road.

On the other side of the spectrum were the Lamborghini and Rolls Royce types—sheer luxury, of course, but darned (for the want of a stronger word) tough on miles per gallon. None did better than 12-mpg in the city and 17-mpg on the road.

The EPA report unquestionably will have major impact on the current Senate debate to force each car maker to better its overall efficiency average by 40% within a decade. In the background is another ongoing problem involving the oil and car industries and the government over the installation of onboard canisters to reduce gasoline vapors during the refueling processes at service stations. EPA has been dilly-dallying on its congressional assignment to phase-in the canisters. In late September, the American Petroleum Institute (API) applied a little more heat on EPA to force the issue, i.e., "Get on with it, do it now, not later."

Meantime, the oil industry is spending tens of millions of dollars on reformulated fuel research and development and possible applications of alternative fuels like natural gas, alcohol dilutions, LPG and so on. It's enough to make one wonder what the year 2000 will really be like: A car population mix such as exists today—big cars, intermediates and minicompacts or a whole new world of vehicles dedicated to a cleaner atmosphere rather than mpgs.

—J. Richard Shaner

• MARKETPLACE AT A GLANCE

AVERAGE GASOLINE PRICES IN THE U.S. (per gal.)

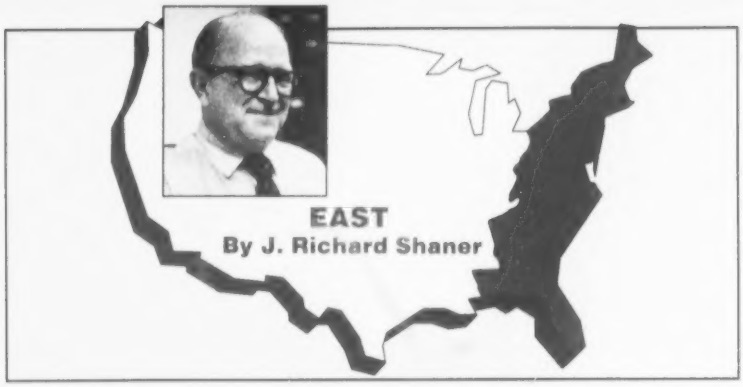
AUGUST	Gasoline (All types)	Leaded Regular	Unleaded Regular	Unleaded Premium
U.S. City Avg.	$1.196	*	$1.140	$1.318
Regions				
Northeast	1.268	*	1.191	1.400
North Central	1.202	*	1.163	1.319
South	1.182	*	1.113	1.285
West	1.143	*	1.103	1.283

** Data no longer collected or available.*
Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

STOCKS (Add 000 bbl.)

	9/27/91	9/28/90
Gasoline (Total) [a]	213,631	223,892
Unleaded Gasoline	168,352	172,008
Jet Kerosine	45,443	42,143
Distillates	138,276	134,807
Residual	48,391	51,488

[a] *Leaded regular prices no longer collected by Bureau of Labor Statistics.*
Source: American Petroleum Institute.



Bankruptcies Setting Records In Atlantic Seaboard States

The American Bankruptcy Institute (ABI) says a record high of a million-plus bankruptcy cases will be filed in the United States by the end of 1991 and that the Atlantic Seaboard states from Maine to Florida will be the hardest hit, especially those in New England.

The executive director of the ABI, Samuel J. Gerdano, laid it on the line for believers and nonbelievers alike when he said flatly that no relief is in sight. He stated:

"This record number of filings shows no signs of decreasing, regardless of an improvement in the economy. The recession is not the main cause here. The only way the recession can push you over the edge is if you are already sitting on it."

The ABI forecast is the total for all 1991 failures—business and personal alike and all types of classifications, including Chapters 7, 11, 12 and 13. Oil industry and oil marketing failures are included in the totals, but the ABI said that no breakout was available for industry-by-industry forecasts.

What makes the ABI projection particularly disconcerting for East Coasters is the way it singles them out and underscores the grim forecast of a special committee of the Petroleum Marketers Assn. of America (PMAA) 18 months ago which said that 3,000 jobbers will have gone belly up by 1995 and 2,000 more will do likewise by 2000 [*NPN*—Jan. '90, p33].

That PMAA committee was headed by Jack Griffith, an Oklahoma marketer known for his integrity and his tough cookie approach to tough business problems [*NPN*—Aug. '91, p50].

ABI's "Top 10" for business failures in 1991 were all Atlantic Coast states. Here's the rundown:

Also released with the "Top 10" was another compilation of bankruptcy filings from 1985 through 1991. Here again the Atlantic Seaboard states led them all with eight out of the first 10 places. The "outsiders" were Puerto Rico and Arizona. As in 1991's top leaders, New Hampshire had the highest percentage increase, 538%. It should be noted here, however, that percentages are relative and sometimes deceptive. For example, in the Top 10 for one year, New Hampshire held the percentage lead (86%) while New York held the numerical high, 40,260 filings, and New Jersey the runner-up position with 19,449 filings. The same holds true for the table that follows: Percentage-wise, New Hampshire was high while numerically Georgia was No. 1 with 49,027 filings and Florida was second-high with 43,417 filings.

In words of explanation, Charles M. Tatelbaum, an ABI vice president, put it this way:

"The preceding 12 months have seen approximately 70,000 business filings. While this pace is slower for individual cases, the size of insolvent companies has grown 50-fold over a decade earlier, resulting in increased credit risk for lenders, tightened credit for borrowers and a sharp increase in the legal costs associated with complex business cases.

"Most of the big corporate failures of the 1990s are direct descendants of the corporate debt binge of the 1980s. A higher percentage of corporate cash flow now goes to debt service, leaving many businesses on the edge of bankruptcy wherever there is a drop in sales or a rise in costs."

ABI says there is an imperative need for Congress to review and revise the Bankruptcy Code of 1978. "Twenty years ago, a similar study led to the creation of the current bankruptcy law," says Tatelbaum. "Much has happened to our economy, to credit and to bankruptcy since then, underscoring the need for a systematic and thorough review."

ABI itself was founded in 1982 to provide Congress and the public with unbiased research and analysis of bankruptcy matters.

Here's another table compiled by ABI which should be of interest to oil marketers, especially the fact that Chapter 11 filings, which they would normally use, are relatively low on the financial totem

Total Bankruptcy Filings (One Year)

State	June 30/July 1 1990	1991	Increase	% Chng.
N.H.	1,837	3,414	1,577	86%
R.I.	1,742	3,076	1,334	77
Mass.	7,560	12,942	5,382	71
Conn.	4,364	6,916	2,552	59
N.J.	12,640	19,449	6,809	54
Vt.	546	827	281	51
Maine	1,453	2,185	732	50
N.C.	10,695	15,540	4,845	45
Del.	873	1,260	387	44
N.Y.	29,047	40,260	11,213	39

Total Filings (1985-'91)

State	June 30/July 1 1985	1991	Increase	% Chng.
N.H.	535	3,414	2,879	538%
Mass.	2,031	12,942	10,911	537
P.Rico	1,527	8,306	6,779	444
Fla.	9,135	43,417	34,252	375
R.I.	750	3,076	2,326	310
Conn.	1,842	6,916	5,074	276
Ariz.	5,176	19,339	14,163	274
Vt.	229	827	598	261
Maine	623	2,185	1,562	251
Ga.	14,388	49,027	34,819	241

Bankruptcy Filings,1981-'91

Ending 6/30	Total Filings	Chap. 7	*Fiscal* Chap. 11	Chap. 12	Chap. 13
1981	360,329	265,719	7,828	NA	86,778
1982	367,866	255,095	14,058	NA	98,705
1983	374,734	251,319	21,206	NA	102,201
1984	344,275	232,991	19,913	NA	91,358
1985	364,536	244,647	21,420	NA	98,452
1986	477,856	332,657	24,442	NA	120,726
1987	561,278	397,548	22,564	4,824	136,300
1988	594,567	423,789	18,889	3,099	148,771
1989	642,933	457,234	17,447	1,717	166,539
1990	725,484	505,332	19,951	1,351	199,186
1991	880,399	612,324	22,493	1,358	242,192

poles. ABI says there are four key filing categories—Chapters 7, 11, 12 and 13. Chapters 7 and 13 are primarily personal filings; Chapter 13 is for agricultural filings; and, of course, Chapter 11 is for businesses which need relief from creditor pressures and time to seek economic stability through restructuring and refinancing.

The 18-member PMAA long-range committee which made its dire forecast two winters ago said flatly that independent marketers were going to be driven up the wall by the stricter environmental regs, supplier withdrawals, buyouts and mergers over the next decade.

"Of the 10,000 or so independent marketers in business now, expect 3,000 to be casualties by 1995," the committee said, adding: "During the next five years drop another 2,000 from the active business rolls. By the year 2000 only 5,000 will be on the scene—leaner, tougher and all that, but nevertheless only half as many as there are out there now.

"A ray of sunshine: The survivors should be able to retain the market share they presently control."

Old Times Return For Sun Oil Co.

Sun Oil Co. is regrouping and reshaping itself in its old image these days.

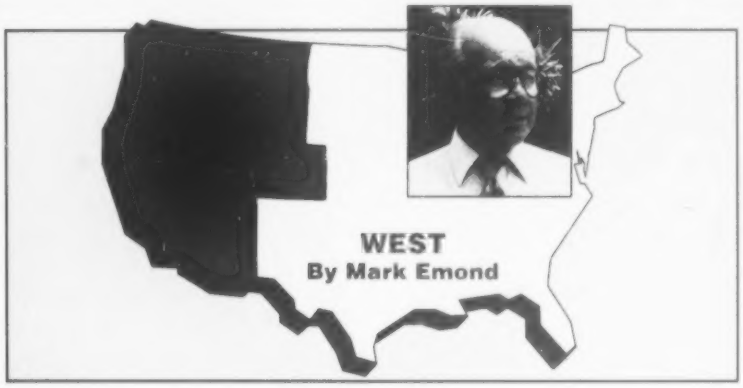
Sun's headquarters were located in downtown Philadelphia for most of its earlier years. And it was known as Sun Oil Co., too.

In the early '70s, it built a new building for the corporate executives and their operations in plushy suburban Radnor. Sun dropped "oil" out of its corporate name, sold off some of its assets, including its big marine and shipbuilding activities and established Sun Refining & Marketing Co. as its downstream subsidiary. Sun Refining stayed put in downtown Philadelphia. In the late '70s, it shifted its marketing offices from the familiar Walnut Street address to the brand new Penn Center complex overlooking city hall and the historic Liberty Bell.

Now Sun is in the process of redoing things again. It is consolidating all of its corporate offices and affairs in the space available in the Penn Center complex. It will be known as Sun Co. and it will merge Sun Refining and Marketing back into its fold. Radnor will continue to house the real estate subsidiary and the Sunbrook Conference Center, but everything else will be downtown.

A sidelight: All of the executives who had been living the good life in the spacious suburbs for the past two or three decades will now have to rejoin the commuters' world. Perhaps they may have to write themselves a little ditty about "Trains, buses and subways, here we come." The move is expected to be completed in the first quarter of 1992.

A Sun spokesman says the regrouping is part of its total restructuring program in which it expects to save as much as $100-million in its operations.



Shell Begins Casting Off Gasoline Jobbers in West

The earth continues to shake in the vicinity of Shell Oil, where momentous changes are in the making.

On top of trying to sell its 120,000 b/d refinery in Los Angeles, the company announced that it would not supply its branded wholesale jobbers in Oregon and Idaho after Feb. 29, 1992. This affected 24 Oregon jobbers and one Idaho jobber, who together operate about 250 service stations.

Shell said, too, that it would eliminate all unbranded gasoline sales west of the Rocky Mountains. It was considering additional reductions in other segments of the "noninvested network," meaning open dealers who own or control their own locations. This could happen anywhere in the West.

To some marketers, it appeared that Shell Oil already knew fairly well at that time what was going to happen with its Los Angeles refinery, or else how could the company have decided how much business it was going to dump? Shell was not then saying, however.

Shell said the decision to withdraw was made "after exploring various options" for the Los Angeles refinery and associated facilities. Previously, Shell had admitted it was negotiating with a number of companies for the sale of the refinery. Earlier still, the company said it would shut down the refinery if no one wanted to buy it, although a lot of people didn't take this alternative seriously.

In early 1990, prior to the attempted refinery sale, Shell had sold all 55 of its direct stations in the Seattle/Tacoma area to Texaco.

If you added up all the cuts and possible cuts Shell announced in September, it would come nowhere near the total output of the 120,000 b/d refinery. Therefore, a refinery shutdown didn't appear to be in the cards, some marketers believed.

By the same token, if the refinery were sold outright, Shell would be making more severe cuts—unless the company made a deal with the buyer to buy back some of the output. The latter seemed a possibility.

Shell continued to market in the Pacific Northwest near its 80,000 b/d refinery at Anacortes, Wash., through approximately the same size jobber network it was abandoning in Oregon and Idaho—25 branded jobbers with about 235 stations.

To say the least, Washington jobbers were unnerved.

Expansion-minded BP Oil Co., a relative newcomer to the West, saw Shell's move as an opportunity, but not east of the Cascade Mountains or in Idaho, where it did not market and did not plan to.

Jack C. Burdett, West Coast regional manager, said his greatest interest was in multibrand jobbers who were both BP and Shell. "In fact, we've already agreed to rebrand some of the Shell stations of BP jobbers who are multibranded," he added.

On the other hand, Burdett said BP in most cases was not interested in rebranding Shell stations where a jobber has both BP and Shell and was competing with himself in the same market.

He said, too, "We're not taking on new jobberships because we have Oregon west of the mountains covered in most areas. We're not going to take on a new Shell jobber just to compete with our existing BP jobbers."

Another company reportedly interested in the castoff of Shell jobbers was Texaco, which was said to be looking at "some of the jobberships or some of the stations."

Chevron was reported to be interested in some of the jobberships.

Is 'Big Oil' Getting Bigger? Well, Yes and No; But Not Really

There's no question to it that the nation's oil companies—majors, semi-majors and independents alike—are getting along with a lot less these days, i.e., fewer drilling rigs, fewer refineries, fewer retail outlets, fewer employees, etc., etc., etc.

Government and industry statistics are readily available to support all those negative factors. Companies such as Chevron, Shell, Arco and Exxon have, in recent months, made it known that belt-tightening processes are eliminating thousands of jobs and shutting down facilities all over the place.

Does this mean that the oil industry is shrinking in size—that perhaps the current recession as well as other economic and related growth factors are causing the industry to downsize on the one hand and enhance the domination of a few companies at the top on the other, like it or not?

No way. Somehow, this shrinkage—especially when viewed over the long term—is more illusory than realistic. The real truth is that oil's dimensions are more like those of the perennial dieter whose girth continues to expand no matter how many caloric adventures are undertaken to keep it in check.

During the past 20 years, for example, the nation's top oil companies have doubled, tripled and quadrupled their assets. Most of them are at record highs and, barring a major collapse of the economy, appear destined to continue their growth through the '90s.

Figures like these say yes, no question to it, "Big Oil" is getting bigger by leaps and bounds. But so has the economy, the gross national product, motor vehicle registrations, gasoline consumption, etc. Obviously, suppliers and product distributors must grow, too, simply to serve demand. The question, therefore, is: Has Big Oil really gotten bigger or is it just keeping pace with all of the things around it?

Bigness, like beauty, is often in the eye of the beholder.

It is interesting to note that while a number of big names like Gulf Oil, Commonwealth Oil & Refining, Skelly and Getty, Humble Oil & Refining, Tenneco Oil, Standard Oil Co. of Ohio and so on have disappeared from the domestic scene, virtually all occurred through acquisitions, mergers and in-house restructuring. Only

By J. Richard Shaner
Executive Editor

10 Biggest Industrials in the World and 10 Biggest in the U.S.

(billions of dollars)

World Company	Assets	Sales	U.S. Company	Assets	Sales
General Motors (U.S.)	$180.2	$125.0	General Motors	$180.2	$125.0
Ford Motor (U.S.)	173.7	98.3	Ford Motors	173.7	98.3
General Elec. (U.S.)	153.9	58.4	General Electric	153.9	58.4
Royal Dutch/Shell (Brit./Neth.)	106.3	107.2	Exxon	87.7	105.9
Exxon (U.S.)	87.7	105.9	IBM	87.6	69.0
IBM (U.S.)	87.6	69.1	Philip Morris	46.6	44.3
Fiat (Italy)	66.0	47.8	Chrysler	46.4	30.9
ENI (Italy)	60.5	41.8	Mobil	41.7	58.8
Brit. Petro. (Brit.)	59.2	59.5	DuPont	38.1	39.8
Toyota (Japan)	55.3	64.5	Chevron	35.1	39.3

10 Biggest International Oils and 10 Biggest U.S. Oil Marketers

(billions of dollars)

World Company	Assets	Sales	U.S. Company	Assets	Sales
Royal Dutch/Shell (Brit./Neth.)	$106.3	$107.2	Exxon	$87.7	$105.9
Exxon (U.S.)	87.7	105.9	Mobil	41.7	58.8
ENI (Italy)	60.5	41.2	Chevron	35.1	39.3
Pemex (Mexico)	45.0	19.3	Amoco	32.2	28.3
ELF (France)	42.6	32.9	Shell	28.5	24.4
Mobil (U.S.)	41.7	58.8	Texaco	26.0	41.2
Chevron (U.S.)	35.1	39.3	Arco	23.9	18.8
Amoco (U.S.)	32.2	28.3	BP America	21.7	18.6
Arco (U.S.)	23.9	18.8	Phillips	12.1	13.6
Total Petroleum (France)	20.8	23.6	Conoco	11.6	16.4

Sources: Fortune Magazine, issues of 4/22/91 and 7/29/91; NPN Factbook '91.

Corco can be considered a collapsed facility.

Can this be taken as an indication that Big Oil has predicated much of its growth processes on predatory practices, like the eating of its own or whoever or whatever's available? For a while, in the early to mid-'80s, that appeared to be a distinct possibility. But the merger fevers died out as the stakes rose higher and higher and a public reaction seemed to stir up questioning resentment in Congress and fears that a few really big companies would be the only survivors of significance. In other words, four or five big oil companies were at the top and a raft of regionals and smaller independent marketers filled in the gaps around the country.

In late September, Citizen Action, a Washington-based consumer group, charged that major oil companies were consolidating their marketing operations to increase their profits at the expense of small marketers and consumers alike. A similar position was taken several weeks earlier by the Petroleum Marketers Assn. of America (PMAA), the Society of Independent Gasoline Marketers of America (SIGMA) and the National Assn. of Convenience Stores. The American Petroleum Institute (API), on behalf of the major oil companies, issued a point-by-point rebuttal to the Citizen Action charges, as did Arco, which was singled out by the consumer's group for special treatment. (See related story on page 25)

The object of this particular article is not to try to treat or resolve those marketing problems. For the record, the suppliers and the smaller companies, particularly the independent marketers, have been jousting with each other in Congress and elsewhere since the John D. Rockefeller days at the turn of the century. For example, divorcement was a major Congressional issue in the 1930s and has resurfaced repeatedly through the years in response to marketplace pressures and aberrations. So have pricing policies, patronage and company stores, leases and so on.

No one would dispute that the top major oil companies have become truly mammoth when evaluated by the traditional criteria of assets, resources and sales—that they rank right up there, many of them, with the other giant multinationals and domestic firms (see tables). Today, however, huge corporations are being closely scrutinized for other, perhaps more questionable signs of bigness such as undue market concentration or domination that would rise from their economic strength.

Perhaps one of the most interesting set of tables in this report deals with the

The 1990 Asset Growth of 20 U.S. Oil Companies Versus 1980 and 1970

(billions of dollars)

Company	1990	% Growth '90/'70	Company	1980	Company	1970
Exxon	$87.7	356.8	Exxon	$56.6	Std. N.J.	$19.2
Mobil	41.7	427.8	Mobil	32.7	Texaco	9.9
Chevron	35.1	431.8	Texaco	26.4	Gulf	8.7
Amoco	32.2	496.3	Socal	22.2	Mobil	7.9
Shell	28.5	519.6	Std.Ind.	20.2	Socal	6.6
Texaco	26.0	162.6	Gulf	18.6	Std. Ind.	5.4
Arco	23.9	443.2	Shell	17.6	Shell	4.6
BP Amer.	21.7	1,176.4	Atl. Rich.	16.6	Atl.Rich.	4.4
Phillips	12.1	290.3	Std. Ohio	12.1	Phillips	3.1
Conoco	11.6	286.7	Conoco	11.0	Cont'l.	3.0
Marathon	11.3	769.2	Sun	11.9	Sun	2.8
Unocal	9.8	292.0	Phillips	9.8	Union/Cal.	2.5
Coastal	9.2	NC	Getty	8.3	Cities Svc.	2.2
Amer. Hess	9.1	727.0	Union/Cal.	6.8	Getty	1.9
Sun Oil	9.0	221.4	Amer. Hess	5.9	Std. Ohio	1.7
Pennzoil	5.3	NC	Cities Svc.	5.5	Marathon	1.3
Ashland	5.1	400.1	Marathon	5.0	Amer. Hess	1.1
Kerr-McGee	3.5	400.0	Tenneco	3.8	Ashland	1.0
Fina	2.8	NC	Ashland	3.4	Kerr-McGee	0.7
Citgo	2.3	4.5	Kerr-McGee	2.8	Skelly	0.7

Sources: NPN Factbooks, 1971, 1981, 1991.

The 20 Biggest Refiners—1990 Versus 1970

(Runs in millions of b/d)

Company	1990	% of U.S. Total	Company	1980	% of U.S Total	Company	1970	% of U.S. Total
Chevron	1,403	10.4	Exxon	1,246	9.2	Std. N.J.	989	9.1
Exxon	999	7.4	Std.Cal.	1,181	8.8	Texaco	948	8.7
Shell	927	6.9	Texaco	902	6.7	Std. Ind.	895	8.2
Amoco	896	6.6	Std. Ind.	882	6.5	Shell	887	8.2
Mobil	722	5.3	Shell	876	6.5	Mobil	818	7.5
BP America	717	5.3	Mobil	734	5.4	Std. Cal.	710	6.5
Texaco	619	4.6	Atl. Rich.	727	5.4	Gulf	702	6.5
Sun	561	4.1	Gulf	719	5.3	Atl. Rich.	678	6.2
Marathon	554	4.1	Phillips	421	3.1	Phillips	526	4.8
Arco	531	3.9	Marathon	415	3.1	Sun	424	3.9
Conoco	396	2.9	Std. Ohio	401	3.0	Union	385	3.5
Unocal	363	2.7	Union	392	2.9	Std. Ohio	377	3.5
Ashland	318	2.3	Sun	371	2.8	Ashland	289	2.7
Aramco	298	2.2	Ashland	363	2.7	Cont'l.	288	2.7
Phillips	293	2.2	Conoco	293	2.2	CitiesSvc.	278	2.6
Petro.Ven.	274	2.0	Getty	269	2.0	Getty	194	1.8
Coastal	262	1.9	Cities Svc.	238	1.8	Marathon	187	1.7
Total Petro.	187	1.4	Coastal	197	1.5	Union Pac.	116	1.1
Dia. Sham.	177	1.3	Union Pac.	195	1.4	Amer. Hess	112	1.0
Fina	165	1.2	Tosco	169	1.3	Petrofina	99	0.9

Source: American Petroleum Institute, Market Shares and Individual Company Data. In the table above, 1989 data were used as 1990 to preserve continuity, there being little change and 1990 data not being available.

degree of concentration of companies in gasoline sales, refinery runs, production and reserves. It must be assumed that if major oil companies were simply growing bigger and taking over, these concentration ratios would show that vividly. What they do show, however, is that the degree of concentration has actually declined over the last 20 years.

For example, four companies controlled 29.3% of the gasoline sales in 1990 versus 30.7% in 1970. Similarly, eight companies controlled 47% of the gasoline market in 1990 compared with 54.6% in 1970. Fifteen companies "owned" 64.7% in 1990 against 74.9% 20 years ago. That's a decline of almost 16%.

Changes, changes, changes

In comparing the data in the various tables that accompany this article, it must be remembered that company name, restructuring and acquisition changes have been many during the past 20 years.

For example, Exxon's antecedents include the biggest of them all, Standard Oil Co. of New Jersey, and satellites like Esso Standard Oil Co. and Humble Oil & Refining Co.

Mobil's predecessors include Standard Oil Co. of New York, Standard-Vacuum Oil Co. and Socony-Vacuum Oil Co.

BP America is one of the more interesting cases and is expected to be one of the top two or three oil companies by 1999. Standard Oil Co. of Ohio was the original Rockefeller company, but was locked into that state by the court order that broke up the Rockefeller empire in 1911. It escaped via the usual secondary brand route, including a company called BP Oil.

BP Oil Ltd. London hit the jackpot in the Alaskan drilling derby and subsequently sold its production rights to Sohio, taking—instead of cash—a percentage share of the Cleveland-based company's stock with the proviso that the shares could increase as crude production rose. In the early '80s, this BP reached the maximum of 55%, making it a half-owner rather than an interested bystander.

BP London, which had extensive drilling and exploration operations and crude oil sales in North America, decided to put everything into one package. It bought up the 45% interest that was held by Sohio shareholders, dumped the resident management and installed its own executives and consolidated U.S. operations in Cleveland under the name of BP America. Since then it bought 4,000 or so Gulf stations in the Southeast from Chevron,

The 20 Biggest Crude Oil Producers—1990 Versus 1970

(In thousands of b/d)

Company	1990	% of U.S. Total	% Chng. '90/'70	Company	1980	Company	1970
BP Amer.	784	8.5	NC	Exxon	787	Std. N.J.	946
Exxon	693	7.5	(26.7)	Std. Ohio	716	Texaco	808
Arco	660	7.2	62.6	Atl. Rich.	556	Gulf	626
Shell	494	5.4	(20.0)	Shell	511	Shell	595
Chevron	482	5.2	1.7	Std. Ind.	464	Std. Cal.	474
Texaco	480	5.2	(40.6)	Texaco	413	Std. Ind.	466
Amoco	390	4.2	(16.3)	Gulf	364	Atl. Rich.	406
Mobil	293	3.2	(24.0)	Std. Cal.	335	Mobil	385
Phillips	254	2.8	(6.3)	Mobil	318	Getty	317
Unocal	165	1.8	(47.5)	Getty	271	Union	314
Oryx Ener.	144	1.6	NC	Phillips	270	Phillips	271
Marathon	144	1.6	(17.7)	Sun	206	Sun	259
Occidental	135	1.5	NC	Union	173	Cities Svc.	203
Conoco	112	1.2	(3.2)	Marathon	168	Cont'l.	188
Amer. Hess	71	0.8	(27.6)	Cities Svc.	155	Marathon	177
Union Pac.	64	0.7	NC	Conoco	148	Long. Bch.	164
Long. Bch.	54	0.6	NC	Amer. Hess	88	Amer. Hess	98
Enron	53	0.6	NC	Tenneco	79	Tenneco	87
Snta Fe/Pac.	51	0.6	NC	Long Bch.	73	Superior	65
Valero Ener.	44	0.5	NC	El Paso	72	La. Land	62

NC: No comparable figures were available on any 1970 data. Data above include condensate and natural gas liquids.

Source: American Petroleum Institute, Market Shares and Individual Company Data. In the table above, 1989 data were used as 1990 to preserve continuity, there being little change and 1990 data not being available.

Refined Product Sales: The 20 Biggest 1990 Versus 1970

(In thousands of b/d)

Company	1990	% Chng. '90/'70	Company	1980	Company	1970
Chevron	1,489	59.7	Exxon	1,503	Std. N.J.	1,753
Shell	1,188	18.2	Std. Cal.	1,253	Texaco	1,274
Exxon	1,109	(36.7)	Texaco	980	Shell	1,005
Amoco	1,025	6.4	Std. Ind.	957	Std. Ind.	963
BP Amer.	925	136.6	Shell	922	Std. Cal.	936
Mobil	903	(2.8)	Mobil	797	Mobil	929
Texaco	858	(32.7)	Gulf	737	Gulf	800
Coastal	780	NC	Atl. Rich.	703	Atl. Rich.	763
Marathon	689	220.5	Amer. Hess	550	Phillips	616
Sun	641	20.7	Sun	544	Sun	531
Citgo	633	124.5	Ashland	498	Amer. Hess	529
Phillips	579	(3.4)	Marathon	464	Union	422
Conoco	490	36.3	Phillips	460	Std. Ohio	391
Unocal	443	5.0	Union	422	Cont'l.	366
Arco	440	(42.2)	Std. Ohio	414	Ashland	344
Amer. Hess	428	(19.1)	Conoco	338	Cities Svc.	282
Ashland	364	5.8	Getty	305	Getty	224
Fina	200	70.1	Cities Svc.	271	Marathon	215
Dia. Sham.	185	NC	Kerr-McGee	158	Skelly	120
Murphy	107	NC	Amer. Petro.	138	Amer. Petro.	117

Refined products include gasoline, distillates, resid and all other refinery-manufactured items. Some refinery sales may include products purchased elsewhere and resold as refinery sales.

Source: American Petroleum Institute, Market Shares and Individual Company Data, and NPN

rebranded them BP America and is now engaged in strengthening its East Coast holdings and making a determined bid for a major presence in the Pacific Northwest. Gulf Oil's remnants are owned now by Cumberland Farms, an East Coast convenience store chain with a lifetime assignment of the Gulf logo and is keeping it alive in the Northeast.

Among the other major name changes:

- Diamond Shamrock split itself with the downstream segment becoming known as Diamond Shamrock Refining and Marketing Co.
- Standard of California is now known as Chevron Corp.
- Standard of Indiana packaged the old American Oil Co. into Amoco Oil Co. and changed it again to Amoco Corp.
- Getty Oil, the old Mid-Continent independent and its partner, Skelly Oil, were grabbed by Texaco in a surprising deal which elbowed Pennzoil Corp. aside—an act that later cost Texaco $4-billion, plus another billion or so in attorneys' fees and legal costs, to settle in the courts. Texaco subsequently sold the old Getty's East Coast stations and other holdings to Power Test Corp., a very small Long Island, N.Y.-based gasoline marketer who switched things around so that Getty was the surviving corporate structure and Power Test was simply a small division.
- Cities Service Co., was another prime example of the changing scene. In trouble, it was picked up by an international oil producer, Occidental Petroleum Co. Occidental promptly sold off bits and pieces and consigned Citgo, as it became known, to Southland Corp., the nation's biggest convenience store chain.

Southland, in a financial dither of its own, sold 50% of Citgo to Venezuela's state oil company. Southland later sold the other 50% of Citgo to Venezula, making it the third domestic oil company entirely owned by overseas interests (the other two being Shell and BP America). Citgo recently acquired Champlin Oil Co., a fair-sized wholesaler in the South and Southwest, and is now rebranding it with the Citgo flag.

All these various changes took place at a time when many small petroleum marketers were going belly up through no fault of their own; most simply couldn't survive the economic pressures. But the changes almost made it appear that Big Oil was getting bigger and that's all there was to it.

To understand what's going on, each of the various tables that are a part of this article should be studied closely with the name changes in mind.

Exxon, second largest oil company in the world and the biggest in the U.S., has grown 357% in 20 years, its assets rising from $19.2-billion in 1970 to $87.7-billion in 1990. At the same time, Exxon has been displaced by Chevron as the nation's biggest refiner and seller of refined products and by BP America as the nation's biggest oil producer.

Mobil, which ranks second in assets with a 20-year growth of 428% ($41.7-billion in 1990 vs. $7.9-billion in 1970) still ranks eighth in crude oil production, sixth in refined products sales and fifth in refining. Really no significant change in 20 years.

Shell, currently the nation's No. 1 gasoline marketer, has increased its asset values 520%, from $4.6-billion in 1970 to $28.5-billion in 1990. Shell has been the No. 1 gasoline marketer for the past five years but is now in danger of losing this title to Chevron. There's even talk in the marketplaces that Shell may be challenged by the mid-'90s by its British counterpart, BP America [*NPN*—Oct. '91, p30].

BP America experienced the biggest technical growth in assets over the years—almost 1,200%. BP's antecedent, Standard Oil Co. of Ohio, recorded $1.7-billion in 1970; $12.1-billion in 1980 and $21.7-billion in 1990. But at $21.7-billion, BP America is still well down the list of the biggest companies. It's only a jump or two ahead of Phillips, Conoco and Marathon.

All these numbers and changes make it plain that oil is a very volatile industry from stem to stern; that's something the industry has known for a long, long time; and that growth per se is relative. The various tables demonstrate that virtually all of the companies that were ranked by assets in 1970 were still on the hit list for 1990—almost like a classroom of school kids moving up the line and improving themselves annually as they rise from grade to grade.

What all this data really means, however, is something everybody has known for years: the top 20 oil companies dominate the industry—reserves, production, refining and marketing—and although there's constant movement and foot shuffling in the various categories, there is little real change in the power structures themselves. NPN

Degree of Concentration: It Has Eased Up In 20 Years

Number of Companies	% Chng. '90/'70	1990	1980	1970
MOTOR GASOLINE SALES				
4 Companies	(4.8)	29.3	28.5	30.7
8 Companies	(7.6)	47.0	49.5	54.6
15 Companies	(15.8)	64.7	66.3	74.9
20 Companies	(14.1)	70.3	72.1	80.0
REFINERY RUNS				
4 Companies	(2.9)	31.3	31.2	34.2
8 Companies	(10.4)	50.6	53.9	61.0
15 Companies	(13.6)	71.0	73.6	84.6
20 Companies	(13.0)	78.9	81.5	91.9
OIL PRODUCTION				
4 Companies	(2.2)	28.5	25.3	26.3
8 Companies	4.7	46.4	40.8	41.7
15 Companies	(0.6)	57.5	56.1	56.9
20 Companies	(0.7)	60.4	60.6	60.4
OIL RESERVES				
4 Companies	NC	31.2	31.1	NA
8 Companies	NC	49.3	46.3	NA
15 Companies	NC	59.0	59.5	NA
20 Companies	NC	60.9	62.7	NA

NC: Not Comparable; NA : Not Available.

Source: American Petroleum Institute, Market Shares and Individual Company Data; In above table, 1989 data were used for 1990 to preserve continuity, there being little change and 1990 data not being available.

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